

VILLAGE OF NEW LOTHROP

FINANCIAL STATEMENTS

FEBRUARY 29, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name VILLAGE OF NEW LOTHROP	County SHIAWASSEE
Audit Date 2/29/04	Opinion Date 7/23/04	Date Accountant Report Submitted to State: 8/12/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) DEMIS AND WENZLICK, P.C.			
Street Address 217 N WASHINGTON STREET, SUITE 201		City OWOSSO	State MI
Accountant Signature <i>Tabram H Wenzlick CPA</i>		ZIP 48867	Date 7-23-04

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Village Council
Village of New Lothrop, Michigan

We have audited the accompanying general-purpose financial statements of the Village of New Lothrop, Michigan as of and for the year ended February 29, 2004. These general-purpose financial statements are the responsibility of the Village of New Lothrop, Michigan's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of New Lothrop, Michigan, as of February 29, 2004, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our examination was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole and on the combining and individual fund financial statements. The accompanying financial information, listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the combined general-purpose financial statements of the Village of New Lothrop, Michigan. Such information has been subjected to the auditing procedures applied in the financial statements of the combined, combining, and individual fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined general-purpose financial statements taken as a whole.

Our report of comments and recommendations has been submitted under date of July 23, 2004.

Dennis and Wengert, P.C.

Certified Public Accountants

Owosso, Michigan
July 23, 2004

VILLAGE OF NEW LOTHROP
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS,
AND DISCRETELY REPORTED COMPONENT UNITS
FEBRUARY 29, 2004

	<u>Government Fund Types</u>		<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>			
	General	Special Revenue	Enterprise	Trust and Agency	General Fixed Assets	General Long Term Debt	Component Unit	
ASSETS:								
Cash	\$ 151,764	\$ 29,959	\$ 411,913	\$ 0	\$		\$	224,108
Certificates of Deposit	20,044	19,063	56,883					
Accounts Receivable	1,136		24,415					64,646
Due From Other Funds	1,105							
Due From Primary Gov't								449
Accrued Interest Rec.	14	11	141					
Prepaid Expense	10,355	2,316	5,047					
Restricted Assets			19,000					
Fixed Assets (Net of Accum. Deprec.)			576,707		289,446			
Amt. to be Provided for Retirement of SIB Loan						260,404		
Total Assets	\$ 184,418	\$ 51,349	\$ 1,094,106	\$ 0	\$ 289,446	\$ 260,404	\$	289,203
LIABILITIES								
Accounts Payable	\$ 10,657	\$ 1,149	\$ 6,689	\$	\$		\$	
Accrued Wages	996							
Due To Component Unit	449							
Due To Other Funds		1,105						
Loan Payable						260,404		
Payroll Taxes Payable	714	337	591					
TOTAL LIABILITIES	\$ 12,816	\$ 2,591	\$ 7,280	\$ 0	\$ 0	\$ 260,404	\$	0
FUND EQUITY								
Investment in General Fixed Assets	\$	\$	\$	\$	\$ 289,446	\$	\$	
Contributed Capital			461,770					
Ret. Earnings-Restricted			19,000					
Ret. Earnings-Unrestricted			606,056					
Fund Balance-Restricted		48,758						289,203
Fund Balance-Unrestricted	171,602							
TOTAL FUND EQUITY	\$ 171,602	\$ 48,758	\$ 1,086,826	\$ 0	\$ 289,446	\$ 0	\$	289,203
FUND EQUITY	\$ 184,418	\$ 51,349	\$ 1,094,106	\$ 0	\$ 289,446	\$ 260,404	\$	289,203

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LOTHROP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED FEBRUARY 29, 2004

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>COMPONENT UNIT</u>
REVENUES:			
Property Taxes	\$ 50,461	\$ -0-	\$118,031
Intergovernmental	61,252	48,679	-0-
Charges for Serv.	11,351	-0-	-0-
Interest Income	<u>1,000</u>	<u>551</u>	<u>600</u>
TOTAL REVENUES	\$124,064	\$ 49,230	\$118,631
EXPENDITURES:			
Administration	\$ 78,022	\$ 5,749	\$ 7,134
Law Enforcement	77,258	-0-	-0-
Library	1,600	-0-	-0-
Capital Outlay	-0-	-0-	6,000
Long-Term Debt Pymt:			
Principal	-0-	-0-	39,765
Interest	-0-	-0-	12,007
Downtown Beautification	-0-	-0-	1,311
Downtown Promotion	-0-	-0-	3,523
Streets	<u>-0-</u>	<u>137,001</u>	<u>-0-</u>
TOTAL EXPENDITURES	\$156,880	\$ 142,750	\$ 69,740
Excess Revenues Over (Under) Expenditures	\$(32,816)	\$ (93,520)	\$ 48,891
OTHER SOURCES (USES) OF FUNDS:			
Transfers In (Out)	\$ -0-	\$ 30,000	\$(30,000)
TOTAL OTHER SOURCES (USES) OF FUNDS	\$ -0-	\$ 30,000	\$(30,000)
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES OF FUNDS			
	\$(32,816)	\$ (63,520)	\$ 18,891
Fund Balance 2-28-03	<u>204,418</u>	<u>112,278</u>	<u>270,312</u>
FUND BALANCE 2-29-04	\$171,602	\$ 48,758	\$289,203

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LoTHROP
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES.
BUDGET (GAAP BASIS) AND ACTUAL - ALL GOVERNMENT FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED FEBRUARY 29, 2004

	GENERAL FUND			SPECIAL REVENUE FUND TYPES			COMPONENT UNIT		
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET
REVENUES:									
Property Taxes	\$ 50,500	\$ 50,461	\$ 39	\$	\$	\$	\$ 99,000	\$ 118,031	\$ (19,031)
Inter-Governmental	65,000	61,252	3,748	48,000	48,679	(679)			
Charges for Services	5,300	11,351	(6,051)						
Interest Income	4,000	1,000	3,000	1,050	551	499	1,000	600	400
TOTAL REVENUES	\$ 124,800	\$ 124,064	\$ 736	\$ 49,050	\$ 49,230	\$ (180)	\$ 100,000	\$ 118,631	\$ (18,631)
EXPENDITURES:									
Administrative	\$ 71,270	\$ 78,022	\$ (6,752)	\$ 6,000	\$ 5,749	\$ 251	\$ 25,000	\$ 7,134	\$ 17,866
Law Enforcement	56,000	77,258	(21,258)						
Dare Program	0	0	0						
Library	1,600	1,600	0						
Downtown Promotion							21,000	3,523	17,477
Downtown Beautification							10,000	1,311	8,689
Capital Outlay							80,000	6,000	74,000
Long-Term Debt Payment:									
Principal							39,765	39,765	0
Interest							12,007	12,007	0
Streets				116,800	137,001	(20,201)			
TOTAL EXPENDITURES	\$ 128,870	\$ 156,880	\$ (28,010)	\$ 122,800	\$ 142,750	\$ (19,950)	\$ 187,772	\$ 69,740	\$ 118,032
Revenues Over (Under)									
Expenditures	\$ (4,070)	\$ (32,816)	\$ 28,746	\$ (73,750)	\$ (93,520)	\$ 19,770	\$ (87,772)	\$ 48,891	\$ (136,663)
OTHER SOURCES (USES)									
OF FUNDS									
Transfers In (Out)	0	0	0	42,000	30,000	12,000	(42,000)	(30,000)	(12,000)
TOTAL OTHER SOURCES									
(USES) OF FUNDS	\$ 0	\$ 0	\$ 0	\$ 42,000	\$ 30,000	\$ 12,000	\$ (42,000)	\$ (30,000)	\$ (12,000)
EXCESS OF REVENUES									
OVER (UNDER)									
EXPENDITURES AND OTHER									
SOURCES OF FUNDS	\$ (4,070)	\$ (32,816)	\$ 28,746	\$ (31,750)	\$ (63,520)	\$ 31,770	\$ (129,772)	\$ 18,891	\$ (148,663)
Fund Balance - 02/28/03	204,418	204,418	0	112,278	112,278	0	270,312	270,312	0
Fund Balance - 02/29/04	\$ 200,348	\$ 171,602	\$ 28,746	\$ 80,528	\$ 48,758	\$ 31,770	\$ 140,540	\$ 289,203	\$ (148,663)

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LOTHROP
COMBINED STATEMENT OF REVENUES
EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
YEAR ENDED FEBRUARY 29, 2004

PROPRIETARY
FUND TYPES
ENTERPRISE

REVENUES:

Charges for Services	\$ 80,762
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OPERATING EXPENSES:

Administration	\$ 42,367
Operation and Maintenance	23,332
Wages	30,641
Payroll Taxes	2,428
Utilities	3,296
Depreciation	15,371
Wellhead Protection Plan	<u>8,148</u>
TOTAL OPERATING EXPENSES	<u>\$125,583</u>

OPERATING LOSS	\$(44,821)
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NON-OPERATING REVENUES (EXPENSES):

Customer Contributions	\$ 2,266
Hydrant Rental	5,046
Interest Income	3,118
Wellhead Protection Grant	<u>1,400</u>
TOTAL	<u>\$ 11,830</u>

NET LOSS	\$(32,991)
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Retained Earnings February 28, 2003	<u>658,047</u>
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RETAINED EARNINGS FEBRUARY 29, 2004	<u>\$625,056</u>
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The accompanying notes are an integral
part of the financial statements.

VILLAGE OF NEW LOTHROP
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
YEAR ENDED FEBRUARY 29, 2004

PROPRIETARY FUND TYPES
ENTERPRISE

Cash Flows from Operating Activities:	
Net Income	\$(32,991)
Add (Deduct) Items Not Affecting Cash:	
Depreciation Expense	\$15,371
Decrease in Accts. Rec.	3,006
Increase in Acc. Int. Rec.	(74)
Increase in Prepaid Exp.	(748)
Increase in Accts. Payable	3,606
Decrease in Acc. Expenses	<u>(493)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>20,668</u> \$(12,323)
Cash Flows used in Investing Activities	
Investment in Plant and Equipment	\$ -0-
Cash Flows from Financing Activities	
NET DECREASE IN CASH	<u>-0-</u> \$(12,323)
Restricted Certificates of Deposit and Unrestricted Cash and Certificate of Deposits at February 28, 2003	<u>500,119</u>
RESTRICTED CERTIFICATES OF DEPOSIT AND UNRESTRICTED CASH AND CERTIFICATES OF DEPOSIT AT FEBRUARY 29, 2004	<u>\$487,796</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash Paid during the Year for:	
Interest	\$ -0-

DISCLOSURE OF ACCOUNTING POLICY

For the purpose of the statement of cash flows, the company considers all highly liquid debt instruments, such as certificates of deposit, to be cash equivalents. Cash equivalents includes both restricted and unrestricted cash and cash equivalents.

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LOTHROP
COMBINED BALANCE SHEET - COMPONENT UNIT
FEBRUARY 29, 2004

NEW LOTHROP
DEVELOPMENT
AUTHORITY

ASSETS

CURRENT ASSETS:

Cash	\$224,108
Accounts Receivable	64,646
Due from Primary Government	<u>449</u>
	<u>\$289,203</u>

LIABILITIES AND FUND EQUITY

Fund Balance	<u>\$289,203</u>
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The accompanying notes are an integral
part of the financial statements.

VILLAGE OF NEW LOTHROP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
GOVERNMENTAL COMPONENT UNITS
YEAR ENDED FEBRUARY 29, 2004

NEW LOTHROP
DEVELOPMENT
AUTHORITY

REVENUES:

Current Property Taxes	\$118,031
Interest and Miscellaneous Income	600
TOTAL REVENUES	<u>\$118,631</u>

EXPENDITURES:

Downtown Beautification	\$ 1,311
Officials Wages	500
Capital Outlay	6,000
Long-Term Debt Payment:	
Interest	12,007
Principal	39,765
Professional Fees	6,328
Supplies	306
Downtown Promotion	3,523
TOTAL EXPENDITURES	<u>\$ 69,740</u>

Excess of Revenues over Expenditures	\$ 48,891
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OTHER USES OF FUNDS:

Transfer to Primary Government	(30,000)
TOTAL OTHER USES OF FUNDS	<u>\$(30,000)</u>

EXCESS OF REVENUES OVER EXPENDITURES
AND OTHER USES OF FUNDS

\$ 18,891

Fund Balance at February 28, 2003

270,312

FUND BALANCE AT FEBRUARY 29, 2004

\$289,203

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF NEW LOTHROP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 29, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of New Lothrop conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

COMPONENT UNITS

The accompanying financial statements present the Village's primary government and component units over which the Village exercises significant influence. Significant influence was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligation of the Village to finance any deficits that may occur or receipt of significant subsidies from the Village. Component units that do not meet the criteria for blending are reported discretely.

DISCRETELY REPORTED
COMPONENT UNITS

BRIEF DESCRIPTION OF ACTIVITIES
AND RELATIONSHIP TO THE VILLAGE

New Lothrop Development
Authority

Used for the administration of the Development Authority and planning of improvements in the downtown district.

Board members are appointed by the Village Council. The Development Authority is fiscally dependent upon the Village because the Village's Council approves the development Authority's budget, levies taxes and must approve any Debt issuance. The Development Authority is presented as a governmental fund type.

VILLAGE OF NEW LOTHROP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND ACCOUNTING

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

GOVERNMENT FUNDS

General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organization, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

VILLAGE OF NEW LOTHROP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All government funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public Domain ("infrastructure") general fixed assets consisting of certain improvements including buildings, but other than roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

VILLAGE OF NEW LOTHROP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIXED ASSETS AND LIABILITIES

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives range from 5 to 75 years.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions or revenue when they are measurable and their validity seems certain.

VILLAGE OF NEW LOTHROP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING (CONTINUED)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception of this general rule is accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued.

All proprietary funds are accounted for using the accrual basis method of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Unbilled Water and Sewer Fund Utility services receivables are recorded at year end.

Discretely reported component unit (New Lothrop Development Authority) uses the modified accrual basis of accounting.

BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the budget committee submits to the Village Council a proposed operating budget for the fiscal year commencing the following March 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in the Village to obtain taxpayer comments.
3. Prior to March 1, the budget is adopted.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. The Village Clerk is authorized to transfer budgeted amounts between classifications within any fund; any adjustments must be approved by the Village Council at the following meeting.

VILLAGE OF NEW LOTHROP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

6. Budgets were amended during the year by transferring amounts between classifications.
7. Formal budgetary integration is employed as a management control device during the year for all funds.
8. The Development Authority, a discretely presented component unit, follows the same procedures as the Village in establishing their budget.

INVESTMENTS

Investments of the Village which consist of interest bearing bank accounts and bank certificates of deposit, are stated at cost, which is market value.

COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Village's financial position and operations. However, comparative (i.e. presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

PROPERTY TAXES

Property taxes attach an enforceable lien on property by the county. Taxes are levied on April 1, and payable on July 1. The Village bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables. The Village is permitted by the Municipal Finance Law of the state to levy taxes up to 15.0 mills for general government services. The Village has levied 10.0 mills for general services, and 1.0 mills for water services.

The delinquent real property taxes of the Village are purchased by the County of Shiawassee. The county intends to sell tax notes, the proceeds of which will be used to pay the Village for these property taxes. This occurred in November 2003. These taxes have been recorded as revenue for the current year.

VILLAGE OF NEW LOTHROP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESTRICTED ASSETS

Certain proceeds of the Enterprise Fund set aside to cover improvements and replacement are classified as restricted assets on the balance sheet.

ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the government fund types. Encumbrances outstanding at year end are reported as a reservation of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no significant encumbrances at year end.

COMPENSATED ABSENCES

The Village does not pay sick or vacation time for its employees.

RETIREE BENEFITS

The Village pays health insurance for one employee. This insurance is discontinued once the employee retires or leaves his employment with the Village; therefore, there are no post-employment health care benefits.

FUND EQUITY

Contributed capital is recorded in proprietary funds that have received capital gains or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific use.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

Short-term interfund loans are classified as "due from other funds" or "due to other funds" on the balance sheet. Transactions occurring between individual funds for goods provided or services rendered are also classified as "due to other funds" or "due from other funds" on the balance sheet.

Short-term interfund loans between the primary government and discretely presented component units are classified as "due from primary government" and "due from component unit" or "due to primary government" and "due to component unit".

VILLAGE OF NEW LOTHROP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses, initially made from it that are properly applicable to another fund, are recorded as expenditures/expense in the reimbursing fund as reduction of expenditures/expense in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

NOTE B - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in General Fixed Assets follows:

	2-28-03 <u>BALANCES</u>	<u>INCREASES</u>	<u>DECREASES</u>	2-29-04 <u>BALANCES</u>
Land	\$ 60,720	\$ 6,000	\$ -0-	\$ 66,720
Land Improve.	29,551	-0-	-0-	29,551
Bldgs. & Improve.	82,091	-0-	-0-	82,091
Christmas Dec.	12,813	-0-	-0-	12,813
Law Enforcement Equipment	47,659	25,574	14,767	58,466
Mach. & Equip.	26,621	8,870	-0-	35,491
Furn. & Fixt.	<u>4,314</u>	<u>-0-</u>	<u>-0-</u>	<u>4,314</u>
	<u>\$263,769</u>	<u>\$40,444</u>	<u>\$14,767</u>	<u>\$289,446</u>

VILLAGE OF NEW LOTHROP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE B - CHANGES IN GENERAL FIXED ASSETS (CONTINUED)

A summary of proprietary fund type property, plant and equipment at February 29, 2004, follows:

	<u>ENTERPRISE FUNDS</u>	
	<u>WATER</u>	<u>SEWER</u>
Land	\$ 5,466	\$ 19,500
Buildings	12,728	29,033
Water Tank	100,061	-0-
Wells and Springs	10,646	-0-
Distribution Mains - Trunk Lines	149,392	390,389
Equipment	31,073	88,586
Lagoon	-0-	238,042
	<u>\$309,366</u>	<u>\$765,550</u>
Less: Accumulated Depreciation	<u>156,768</u>	<u>341,441</u>
NET	<u>\$152,598</u>	<u>\$424,109</u>

Depreciation expense for the year ending February 29, 2004, was \$6,556 for Water Fund and \$8,815 for Sewer Fund.

NOTE C - ENTERPRISE FUNDS - WATER AND SEWER

ACCOUNTING POLICIES

The Enterprise funds are accounted for on the accrual basis method of accounting.

Property, plant and equipment are recorded at cost. Depreciation is computed by the straight-line method using lives of 5 to 75 years.

Village ordinance requires certain fund requirements for the Water and Sewer System. Due to the length of these requirements, they are not all listed in these financial statements, however, at February 29, 2004, all fund requirements have been fulfilled.

VILLAGE OF NEW LOTHROP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE D - CASH AND CERTIFICATES OF DEPOSIT

The Village's primary government's deposits consists of interest bearing checking and certificate of deposits. At year end, the government's carrying amount of deposits was \$708,627 and the bank balance was \$710,853. Of the bank balance, \$200,000 was covered by Federal Depository Insurance and included \$100,000 in certificate of deposits, therefore, only the \$200,000 was insured and \$510,853 was neither insured nor collateralized.

The Village's deposits at February 29, 2004, consisted on cash and certificates of deposit at one financial institution.

	<u>AMOUNT</u>	<u>FDIC INSURED</u>	<u>UNINSURED</u>
Cash	\$595,862	\$100,000	\$495,862
Certificate of Deposit	<u>114,991</u>	<u>100,000</u>	<u>14,991</u>
	<u>\$710,853</u>	<u>\$200,000</u>	<u>\$510,853</u>

The Development Authority, a discretely presented component unit's, deposits consist of interest bearing checking accounts. At year end, the carrying amount of deposits for the Development Authority was \$224,108 and the bank balance was \$254,981. Of the bank balance, \$100,000 was insured and \$154,981 was neither insured nor collateralized.

The Development Authority's deposits at February 29, 2004, consisted of cash at one financial institution.

	<u>AMOUNT</u>	<u>FDIC INSURED</u>	<u>UNINSURED</u>
Cash	<u>\$254,981</u>	<u>\$100,000</u>	<u>\$154,981</u>

VILLAGE OF NEW LOTHROP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE E - COMMON BANK ACCOUNT

The Village has maintained a common bank account during the year to obtain higher interest earnings. The equity of each individual fund in this bank account are as follows:

General Fund	\$151,764
Major Street Fund	-0-
Local Street Fund	29,959
Water Supply and Distribution System	148,231
Sanitary Sewage Disposal System	<u>263,682</u>
TOTAL COMMON BANK ACCOUNT	
BALANCE FEBRUARY 29, 2004	<u>\$593,636</u>

NOTE F - TAX INCREMENT FINANCE PLAN (TIFA)

The Development Authority has adopted a tax increment finance plan for the purpose of providing money to make public improvements within the municipality. The theory being that an investment in necessary public improvements with the municipality will result in greater tax revenues from that area than would occur if no special development were undertaken. Taxes generated from the increase in state equalized value over 1990's state equalized value are TIFA monies to be used for these improvements.

Projects are planned for development with the TIFA monies are: development of a public park, and construction of a water filtration plan. Authorized expenditures associated with these projects include development of zoning ordinance and land use plan, acquisition of "vest pocket" park, development of park, general downtown facade improvements, promotion of downtown area and recruitment of businesses to the area and construction of water filtration plant.

VILLAGE OF NEW LOTHROP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE G - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18 (1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended February 29, 2004, the Village incurred expenditures in certain funds which were in excess of the amount appropriated, as follows:

	<u>APPROPRIATION</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
<u>PRIMARY GOVERNMENT</u>			
General Fund:			
General Administration	\$71,270	\$78,022	\$ 6,752
Law Enforcement	56,000	77,258	21,258
Major Street Fund:			
Critical Bridge Project	70,000	98,691	28,691
Water Supply & Distribution System Fund:			
Professional Fees	1,800	16,459	14,659
Wages	11,600	16,810	5,210
Wellhead Protection Plan	-0-	8,148	8,148

VILLAGE OF NEW LOTHROP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE H - GENESEE STREET IMPROVEMENT PROJECT

The Genesee Street Project removed and repaired existing road surface and subsurface, sidewalk, storm drainage, installed conduit, street lighting, curb and gutter. The total project cost was \$406,936.

The project was paid for by a loan from the Michigan Department of Transportation State Infrastructure Bank. The interest rate for the loan will be four percent, with annual payments of \$51,772. The loan is secured by the Village's Act 51 Revenue Sharing.

<u>FISCAL YEAR ENDED</u>	<u>TOTAL</u>
2005	\$ 41,356
2006	43,010
2007	44,730
2008	46,520
2009	48,380
After 2009	<u>36,408</u>
	<u>\$260,404</u>

NOTE I - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>FUND</u>	<u>INTERFUND PAYABLE</u>
General Fund	\$1,105	Major Street Fund	\$1,105
New Lothrop Development Authority	449	General Fund	449

FINANCIAL STATEMENTS
OF
INDIVIDUAL FUNDS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund. Revenues and expenditures of the federal revenue sharing program are accounted for in this fund.

VILLAGE OF NEW LOTHROP
GENERAL FUND
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

ASSETS

	<u>2004</u>	<u>2003</u>
CURRENT ASSETS:		
Cash	\$151,764	\$180,866
Certificate of Deposit	20,044	20,044
Delinquent Taxes Rec.	1,136	1,245
Due from Other Funds	1,105	-0-
Accrued Interest Rec.	14	-0-
Prepaid Expenses	<u>10,355</u>	<u>8,752</u>
	<u>\$184,418</u>	<u>\$210,907</u>

LIABILITIES AND FUND BALANCE

Due to Component Unit	\$ 449	\$ -0-
Accrued Wages	996	704
Accounts Payable	10,657	5,735
Payroll Taxes Payable	<u>714</u>	<u>(300)</u>
	\$ 12,816	\$ 6,139
FUND BALANCE:		
Reserve for DARE Program	\$	\$ 16
Unreserved	<u>171,602</u>	<u>204,752</u>
TOTAL FUND BALANCE	<u>171,602</u>	<u>204,768</u>
	<u>\$184,418</u>	<u>\$210,907</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF NEW LOTHROP
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>		ACTUAL (OVER) UNDER	<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Taxes:				
Current Taxes	\$ 50,500	\$ 50,461	\$ 39	\$ 50,469
Intergovernmental				
Revenues:				
State of Michigan:				
Revenue Sharing	65,000	61,252	3,748	66,369
Other Revenues:				
Charges for				
Services	\$ 1,000	\$ 3,026	\$ (2,026)	\$ 3,565
Franchise Fee	1,500	2,114	(614)	1,982
Fines & Costs	2,800	2,206	594	1,435
Sale of Assets	-0-	4,005	(4,005)	-0-
Interest Income	4,000	1,000	3,000	2,400
TOTAL OTHER REV.	\$ 9,300	\$ 12,351	\$ (3,051)	\$ 9,382
TOTAL REVENUES	\$124,800	\$124,064	\$ 736	\$126,220

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LOTHROP
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>		<u>2003</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
EXPENDITURES:				
General Adm.	\$ 71,270	\$ 78,022	\$ (6,752)	\$ 69,544
Law Enforcement	56,000	77,258	(21,258)	53,237
Dare Program	-0-	-0-	-0-	53
Library	<u>1,600</u>	<u>1,600</u>	<u>-0-</u>	<u>1,200</u>
TOTAL EXPEND.	\$128,870	\$156,880	\$ (28,010)	\$124,034
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ (4,070)	\$ (32,816)	\$ 28,746	\$ 2,186
Fund Balance February 28,	<u>204,418</u>	<u>204,418</u>	<u>-0-</u>	<u>202,232</u>
FUND BALANCE FEBRUARY 29,	<u>\$200,348</u>	<u>\$171,602</u>	<u>\$ 28,746</u>	<u>\$204,418</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF NEW LOTHROP
GENERAL FUND
COMPARATIVE STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>		<u>2003</u>
		ACTUAL (OVER) UNDER	
<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
GENERAL ADMINISTRATION:			
Officials Wages \$	\$ 14,440	\$	\$ 14,290
Office, Dues, Publ.	5,635		6,721
Professional Fees	14,406		10,336
Telephone	1,768		1,718
Election Costs	420		491
Insurance	5,546		4,084
Utilities	14,445		14,186
Repairs & Maint.	9,412		7,137
Payroll Taxes	1,105		1,093
Tax Roll Fee	340		346
Capital Outlay	8,870		7,639
Penalties & Fines	<u>1,635</u>		<u>1,503</u>
TOTAL GENERAL			
ADMINISTRATION \$ 71,270	\$ 78,022	\$ (6,752)	\$ 69,544
LAW ENFORCEMENT:			
Officials Wages \$	\$ 600	\$	\$ 600
Other Wages	30,365		31,883
Payroll Taxes	2,369		2,480
Office Supplies	1,110		934
Telephone	1,599		1,726
Gas and Oil	1,371		1,389
Insurance	9,697		7,288
Prof. Fees	2,693		2,827
Repairs & Maint.	905		1,551
Training & Education	693		500
Capital Outlay	25,574		1,359
Clothing	<u>282</u>		<u>700</u>
\$ 56,000	\$ 77,258	\$ (21,258)	\$ 53,237
DARE PROGRAM:			
Training	\$ -0-	\$ -0-	\$ -0-
	\$ -0-	\$ -0-	\$ 53
			\$ 53

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LOTHROP
GENERAL FUND
COMPARATIVE STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>		<u>2003</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
LIBRARY	\$ <u>1,600</u>	\$ <u>1,600</u>	\$ <u>-0-</u>	\$ <u>1,200</u>
TOTAL EXPENDITURES	\$ <u>128,870</u>	\$ <u>156,880</u>	\$ <u>(28,010)</u>	\$ <u>124,034</u>

The accompanying notes are an integral
part of the financial statements.

SPECIAL REVENUE FUNDS

MAJOR STREET FUND

Major Street Fund is used to receive all Major Street monies paid to the Village by the state, to account for monies received from special tax levies for street improvement purposes, to account for monies received from General Fund contributions and to account for construction, maintenance and other authorized operations to all streets classified as Major Street.

LOCAL STREET FUND

Local Street fund is used to receive all Local Street monies paid to the Village by the state, to account for monies received from special tax levies for street improvements purposes, to account for monies received from General Fund contributions and to account for construction, maintenance and other authorized operations to all streets classified as Local Streets.

VILLAGE OF NEW LOTHROP
SPECIAL REVENUE FUNDS
COMPARATIVE COMBINING BALANCE SHEET
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

ASSETS				
		<u>2004</u>		<u>2003</u>
	<u>MAJOR STREET FUND</u>	<u>LOCAL STREET FUND</u>	<u>COMBINED</u>	<u>COMBINED</u>
CURRENT ASSETS:				
Cash in Bank	\$ -0-	\$29,959	\$ 29,959	\$ 99,393
Cert. of Deposit	19,063	-0-	19,063	19,063
Accrued Int. Rec.	11	-0-	11	17
Prepaid Expenses	<u>1,621</u>	<u>695</u>	<u>2,316</u>	<u>1,988</u>
	\$ <u>20,695</u>	\$ <u>30,654</u>	\$ <u>51,349</u>	\$ <u>120,461</u>
Accounts Payable	\$ 933	\$ 216	\$ 1,149	\$ 7,761
Due to Other Funds	1,105	-0-	1,105	-0-
Payroll Taxes Payable	<u>240</u>	<u>97</u>	<u>337</u>	<u>422</u>
	\$ 2,278	\$ 313	\$ 2,591	\$ 8,183
Fund Balance	<u>18,417</u>	<u>30,341</u>	<u>48,758</u>	<u>112,278</u>
	\$ <u>20,695</u>	\$ <u>30,654</u>	\$ <u>51,349</u>	\$ <u>120,461</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LOTHROP
SPECIAL REVENUE FUNDS
COMPARATIVE COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>		<u>2003</u>	
	<u>MAJOR STREET FUND</u>	<u>LOCAL STREET FUND</u>	<u>COMBINED</u>	<u>COMBINED</u>
REVENUES:				
Motor Vehicle Highway Funds	\$ 36,793	\$ 11,886	\$ 48,679	\$ 46,550
Interest Income	<u>416</u>	<u>135</u>	<u>551</u>	<u>1,282</u>
TOTAL REVENUES	\$ 37,209	\$ 12,021	\$ 49,230	\$ 47,832
EXPENDITURES:				
Officials Wages	\$ 420	\$ 180	\$ 600	\$ 600
Wages	10,518	4,037	14,555	15,329
Payroll Taxes	837	324	1,161	1,219
Snow Removal	5,900	1,291	7,191	4,668
Professional Fees	3,977	350	4,327	1,023
Office Expense	770	52	822	661
Insurance	5,589	2,395	7,984	7,323
Repairs & Maint.	5,225	2,194	7,419	9,338
Critical Bridge Project	<u>98,691</u>	<u>-0-</u>	<u>98,691</u>	<u>27,075</u>
TOTAL EXPEND.	\$ <u>131,927</u>	\$ <u>10,823</u>	\$ <u>142,750</u>	\$ <u>67,236</u>
Excess of Revenues Over (Under) Expenditures	\$ (94,718)	\$ 1,198	\$ (93,520)	\$ (19,404)
OTHER SOURCES (USES) OF FUNDS:				
Transfer in From Component Unit	<u>30,000</u>	<u>-0-</u>	<u>30,000</u>	<u>18,000</u>
TOTAL OTHER SOURCES OF FUNDS	\$ 30,000	\$ -0-	\$ 30,000	\$ 18,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES OF FUNDS	\$ (64,718)	\$ 1,198	\$ (63,520)	\$ (1,404)
Fund Bal 2-28	<u>83,135</u>	<u>29,143</u>	<u>112,278</u>	<u>113,682</u>
FUND BAL. 2-29	\$ <u>18,417</u>	\$ <u>30,341</u>	\$ <u>48,758</u>	\$ <u>112,278</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LOTHROP
MAJOR STREET FUND
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Cash in Bank	\$ -0-	\$ 70,640
Certificates of Deposit	19,063	19,063
Accrued Interest Receivable	11	17
Prepaid Expenses	<u>1,621</u>	<u>1,392</u>
	<u>\$ 20,695</u>	<u>\$ 91,112</u>

LIABILITIES AND FUND EQUITY

Accounts Payable	\$ 933	\$ 7,683
Due to Other Funds	1,105	-0-
Payroll Taxes Payable	<u>240</u>	<u>294</u>
	\$ 2,278	\$ 7,977
 Fund Balance	 <u>18,417</u>	 <u>83,135</u>
	<u>\$ 20,695</u>	<u>\$ 91,112</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF NEW LOTHROP
MAJOR STREET FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>		<u>2003</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Motor Vehicle Hwy. Funds	\$ 36,000	\$ 36,793	\$ (793)	\$ 35,137
Interest Income	800	416	384	981
TOTAL REVENUES	\$ 36,800	\$ 37,209	\$ (409)	\$ 36,118
EXPENDITURES:				
Officials Wages	\$ 420	\$ 420	\$ -0-	\$ 420
Wages	10,600	10,518	82	11,091
Payroll Taxes	850	837	13	881
Snow Removal	5,900	5,900	-0-	3,938
Professional Fees	4,000	3,977	23	673
Office Expense	800	770	30	661
Repairs & Maint.	9,050	5,225	3,825	7,640
Insurance	5,600	5,589	11	5,125
Critical Bridge Project	7,000	98,691	(28,691)	27,075
TOTAL EXPEND.	\$ 107,220	\$ 131,927	\$ (24,707)	\$ 57,504
Excess of Revenues Over (under) Expenditures	\$ (70,420)	\$ (94,718)	\$ 24,298	\$ (21,386)
OTHER SOURCES (USES) OF FUNDS:				
Transfer in From Component Unit	\$ 42,000	\$ 30,000	\$ 12,000	\$ 18,000
TOTAL OTHER SOURCES OF FUNDS	\$ 42,000	\$ 30,000	\$ 12,000	\$ 18,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES OF FUNDS	\$ (28,420)	\$ (64,718)	\$ 36,298	\$ (3,386)
Fund Balance February 28,	83,135	83,135	-0-	86,521
FUND BALANCE FEBRUARY 29,	\$ 54,715	\$ 18,417	\$ 36,298	\$ 83,135

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF NEW LOTHROP
LOCAL STREET FUND
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Cash in Bank	\$29,959	\$28,753
Prepaid Expenses	<u>695</u>	<u>596</u>
	<u>\$30,654</u>	<u>\$29,349</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 216	\$ 78
Payroll Taxes Payable	<u>97</u>	<u>128</u>
	\$ 313	\$ 206
Fund Balance	<u>30,341</u>	<u>29,143</u>
	<u>\$30,654</u>	<u>\$29,349</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF NEW LOTHROP
LOCAL STREET FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>		<u>2003</u>	
			ACTUAL (OVER) UNDER	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Motor Vehicle				
Hwy. Funds	\$12,000	\$11,886	\$ 114	\$11,413
Interest Income	<u>250</u>	<u>135</u>	<u>115</u>	<u>301</u>
TOTAL REVENUES	\$12,250	\$12,021	\$ 229	\$11,714
EXPENDITURES:				
Officials Wages	\$ 180	\$ 180	\$ -0-	\$ 180
Wages	5,000	4,037	963	4,238
Payroll Taxes	400	324	76	338
Snow Removal	1,500	1,291	209	730
Professional Fees	500	350	150	350
Repairs & Maint.	5,500	2,194	3,306	1,698
Insurance	2,400	2,395	5	2,198
Office Expense	<u>100</u>	<u>52</u>	<u>48</u>	<u>-0-</u>
TOTAL EXPENDITURES	\$15,580	\$10,823	\$ 4,757	\$ 9,732
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (3,330)	\$ 1,198	\$ (4,528)	\$ 1,982
Fund Bal. 2-28	<u>29,143</u>	<u>29,143</u>	<u>-0-</u>	<u>27,161</u>
FUND BAL. 2-29	<u>\$25,813</u>	<u>\$30,341</u>	<u>\$ (4,528)</u>	<u>\$29,143</u>

The accompanying notes are an integral
part of the financial statements.

ENTERPRISE FUNDS

Water and Sewer Funds - To account for the provision of Water and Sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration (utility director), operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF NEW LOTHROP
WATER AND SEWER ENTERPRISE FUNDS
COMPARATIVE COMBINING BALANCE SHEET
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>			<u>2003</u>
	<u>WATER</u>	<u>SEWER</u>	<u>COMBINED</u>	<u>COMBINED</u>
	ASSETS			
CURRENT ASSETS:				
Cash in Bank	\$148,231	\$263,682	\$ 411,913	\$ 424,860
Certificate of Deposit	47,583	9,300	56,883	56,259
Accounts Rec.	23,780	635	24,415	27,421
Accrued Interest Receivable	135	6	141	67
Prepaid Expenses	<u>2,737</u>	<u>2,310</u>	<u>5,047</u>	<u>4,299</u>
TOTAL CURRENT ASSETS	\$222,466	\$275,933	\$ 498,399	\$ 512,906
RESTRICTED ASSETS:				
Certificate of Deposit	\$ 19,000	\$ -0-	\$ 19,000	\$ 19,000
Property, Plant and Equipment (Net)	<u>152,598</u>	<u>424,109</u>	<u>576,707</u>	<u>592,078</u>
	<u>\$394,064</u>	<u>\$700,042</u>	<u>\$1,094,106</u>	<u>\$1,123,984</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF NEW LOTHROP
WATER AND SEWER ENTERPRISE FUNDS
COMPARATIVE COMBINING BALANCE SHEET (CONTINUED)
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>			<u>2003</u>
	<u>WATER</u>	<u>SEWER</u>	<u>COMBINED</u>	<u>COMBINED</u>
LIABILITIES AND FUND EQUITY				
CURRENT LIABILITIES:				
Accts. Payable	\$ 5,725	\$ 964	\$ 6,689	\$ 3,083
Payroll Taxes Payable	<u>291</u>	<u>300</u>	<u>591</u>	<u>1,084</u>
TOTAL CURRENT LIABILITIES	\$ 6,016	\$ 1,264	\$ 7,280	\$ 4,167
FUND EQUITY:				
Contributed Capital	\$ 30,759	\$431,011	\$ 461,770	\$ 461,770
Retained Earnings:				
Restricted	19,000	-0-	19,000	18,000
Unrestricted	<u>338,289</u>	<u>267,767</u>	<u>606,056</u>	<u>639,047</u>
TOTAL RETAINED EARNINGS	\$ <u>357,289</u>	\$ <u>267,767</u>	\$ <u>625,056</u>	\$ <u>658,047</u>
TOTAL FUND EQUITY	<u>388,048</u>	<u>698,778</u>	<u>1,086,826</u>	<u>1,119,817</u>
	<u>\$394,064</u>	<u>\$700,042</u>	<u>\$1,094,106</u>	<u>\$1,123,984</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LOTHROP
WATER AND SEWER ENTERPRISE FUNDS
COMPARATIVE COMBINING STATEMENT OF REVENUES, EXPENSES
AND RETAINED EARNINGS
YEAR ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>			<u>2003</u>
	<u>WATER</u>	<u>SEWER</u>	<u>COMBINED</u>	<u>COMBINED</u>
OPERATING REVENUES:				
Charges for Serv.	\$ 41,492	\$ 39,270	\$ 80,762	\$ 81,998
OPERATING EXPENSES:				
Administration	\$ 28,382	\$ 13,985	\$ 42,367	\$ 21,277
Operation & Maint.	19,516	3,816	23,332	22,134
Wages	16,810	13,831	30,641	33,604
Payroll Taxes	1,324	1,104	2,428	2,663
Utilities	2,488	808	3,296	3,396
Depreciation	6,556	8,815	15,371	16,418
Wellhead Protection Plan	<u>8,148</u>	<u>-0-</u>	<u>8,148</u>	<u>27,534</u>
	<u>83,224</u>	<u>42,359</u>	<u>125,583</u>	<u>127,026</u>
OPERATING INCOME (LOSS)	\$ (41,732)	\$ (3,089)	\$ (44,821)	\$ (45,028)
NON-OPERATING REVENUES				
Customer Contrib.	\$ 1,626	\$ 640	\$ 2,266	\$ 8,989
Property Taxes	5,046	-0-	5,046	5,046
Interest Income	1,822	1,296	3,118	6,118
Wellhead Protection Grant	<u>1,400</u>	<u>-0-</u>	<u>1,400</u>	<u>10,950</u>
TOTAL	\$ <u>9,894</u>	\$ <u>1,936</u>	\$ <u>11,830</u>	\$ <u>31,103</u>
NET INCOME (LOSS)	\$ (31,838)	\$ (1,153)	\$ (32,991)	\$ (13,925)
Retained Earnings February 28,	<u>389,127</u>	<u>268,920</u>	<u>658,047</u>	<u>671,972</u>
RETAINED EARNINGS FEBRUARY 29,	<u>\$357,289</u>	<u>\$267,767</u>	<u>\$625,056</u>	<u>\$658,047</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LOTHROP
WATER AND SEWER ENTERPRISE FUNDS
COMPARATIVE COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>			<u>2003</u>
	<u>WATER</u>	<u>SEWER</u>	<u>COMBINED</u>	<u>COMBINED</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Income	\$(31,838)	\$(1,153)	\$(32,991)	\$(13,925)
Add (Deduct) Items Not Affecting Cash:				
Depreciation	6,556	8,815	15,371	16,418
Decrease (Increase)				
in Accts. Rec.	3,258	(252)	3,006	(1,109)
Decrease (Increase)				
in Int. Rec.	(76)	2	(74)	6
(Increase) Decrease				
in Prepaid Exp.	(400)	(348)	(748)	(898)
Increase (Decrease)				
in Accts. Pay	2,698	908	3,606	1,518
Increase (Decrease)				
in Accrued Exp.	<u>(351)</u>	<u>(142)</u>	<u>(493)</u>	<u>194</u>
NET CASH FLOWS FROM				
OPERATING ACT.	\$(20,153)	\$ 7,830	\$(12,323)	\$ 2,204
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment in Plant				
and Equipment	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>(5,800)</u>
NET (DECREASE)				
INCREASE IN CASH	\$(20,153)	\$ 7,830	\$(12,323)	\$ (3,596)

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LOTHROP
WATER AND SEWER ENTERPRISE FUNDS
COMPARATIVE COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>			<u>2003</u>
	<u>WATER</u>	<u>SEWER</u>	<u>COMBINED</u>	<u>COMBINED</u>
Restricted Certificate of Deposit and Un- restricted Cash and Certificate of Deposit:				
Balance at Beginning of Year	\$ <u>234,967</u>	\$ <u>265,152</u>	\$ <u>500,119</u>	\$ <u>503,715</u>
Restricted Certificate of Deposit and Un- restricted Cash and Certificate of Deposit Balance at End of Year	\$ <u>214,814</u>	\$ <u>272,982</u>	\$ <u>487,796</u>	\$ <u>500,119</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid During the Year For:				
Interest	\$ -0-	\$ -0-	\$ -0-	\$ -0-

DISCLOSURE OF ACCOUNTING POLICY:

For the purpose of the Statement of Cash Flows, the company considers all highly liquid debt instruments, such as certificates of deposit, to be cash equivalents. Cash equivalents include both restricted and unrestricted cash and cash equivalents.

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LOTHROP
WATER SUPPLY AND DISTRIBUTION SYSTEM
COMPARATIVE BALANCE SHEETS
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

ASSETS

	<u>2004</u>	<u>2003</u>
CURRENT ASSETS:		
Cash in Bank	\$148,231	\$168,812
Certificate of Deposit	47,583	47,155
Accounts Receivable	23,780	27,038
Accrued Interest Rec.	135	59
Prepaid Expenses	<u>2,737</u>	<u>2,337</u>
TOTAL CURRENT ASSETS	\$222,466	\$245,401
RESTRICTED ASSETS:		
Certificate of Deposit	\$ 19,000	\$ 19,000
PROPERTY, PLANT & EQUIPMENT:		
Utility Plant	\$309,366	\$309,366
Accumulated Depreciation	<u>(156,768)</u>	<u>(150,212)</u>
TOTAL PROPERTY, PLANT & EQUIP.	\$ <u>152,598</u>	\$ <u>159,154</u>
	<u>\$394,064</u>	<u>\$423,555</u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES:

Accounts Payable	\$ 5,725	\$ 3,037
Payroll Taxes Payable	<u>291</u>	<u>642</u>
TOTAL CURRENT LIABILITIES	\$ 6,016	\$ 3,669

FUND EQUITY:

Contributed Capital	\$ 30,759	\$ 30,759
Retained Earnings:		
Restricted	19,000	19,000
Unrestricted	<u>338,289</u>	<u>370,127</u>
TOTAL RETAINED EARNINGS	\$ <u>357,289</u>	\$ <u>389,127</u>
TOTAL FUND EQUITY	<u>388,048</u>	<u>419,886</u>
	<u>\$394,064</u>	<u>\$423,555</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF NEW LOTHROP
WATER SUPPLY AND DISTRIBUTION SYSTEM
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

		<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	(OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
OPERATING REVENUES:				
Water Sales	\$ 42,000	\$ 41,492	\$ 508	\$ 43,176
OPERATING EXPENSES:				
Administration:				
Officials Wages	\$ 600	\$ 500	\$ 100	\$ 600
Prof. Fees	1,800	16,459	(14,659)	2,146
Insurance	8,700	8,627	73	7,040
Office Supplies and Expense	<u>2,800</u>	<u>2,796</u>	<u>4</u>	<u>1,568</u>
	\$ 13,900	\$ 28,382	\$ (14,482)	\$ 11,354
Operating & Maint:				
Superintendents				
Wages	\$ 5,400	\$ 5,400	\$ -0-	\$ 5,400
Wages	11,600	16,810	(5,210)	13,448
Payroll Taxes	1,500	1,324	176	1,075
Utilities	2,800	2,488	312	2,612
Repairs & Maint.	13,300	12,662	638	12,802
Depreciation	7,000	6,556	444	7,640
Water Tests	1,500	1,454	46	535
Wellhead Protection Plan	<u>-0-</u>	<u>8,148</u>	<u>(8,148)</u>	<u>27,534</u>
	\$ 43,100	\$ 54,842	\$ (11,742)	\$ 71,046
TOTAL OPERATING EXPENSES	\$ 57,000	\$ 83,224	\$ (26,224)	\$ 82,400
OPERATING LOSS	\$ (15,000)	\$ (41,732)	\$ 26,732	\$ (39,224)

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LOTHROP
WATER SUPPLY AND DISTRIBUTION SYSTEM
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>		<u>2003</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	(OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
NON-OPERATING REVENUES:				
Wellhead Protection				
Grant	\$ -0-	\$ 1,400	\$ (1,400)	\$ 10,950
Cust. Contrib.	2,000	1,626	374	3,969
Property Taxes	5,000	5,046	(46)	5,046
Interest Income	<u>5,000</u>	<u>1,822</u>	<u>3,178</u>	<u>3,219</u>
TOTAL	\$ <u>12,000</u>	\$ <u>9,894</u>	\$ <u>2,106</u>	\$ <u>23,184</u>
NET INCOME (LOSS)	(3,000)	(31,838)	28,838	(16,040)
Retained Earnings				
February 28,	<u>389,127</u>	<u>389,127</u>	<u>-0-</u>	<u>405,167</u>
RETAINED EARNINGS				
FEBRUARY 29,	\$ <u>386,127</u>	\$ <u>357,289</u>	\$ <u>28,838</u>	\$ <u>389,127</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LOTHROP
SANITARY SEWAGE DISPOSAL SYSTEM
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

ASSETS

	<u>2004</u>	<u>2003</u>
CURRENT ASSETS:		
Cash in Bank	\$263,682	\$256,048
Certificate of Deposit	9,300	9,104
Accounts Receivable	635	383
Accrued Interest Rec.	6	8
Prepaid Expenses	<u>2,310</u>	<u>1,962</u>
TOTAL CURRENT ASSETS	\$275,933	\$267,505
PROPERTY, PLANT & EQUIPMENT:		
Utility Plant	\$765,550	\$759,750
Accumulated Depreciation	<u>(341,441)</u>	<u>(332,626)</u>
TOTAL PROPERTY PLANT & EQUIPMENT	<u>\$424,109</u> <u>\$700,042</u>	<u>\$432,924</u> <u>\$700,429</u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES:

Accounts Payable	\$ 964	\$ 56
Payroll Taxes Payable	<u>300</u>	<u>442</u>
TOTAL CURRENT LIABILITIES	\$ 1,264	\$ 498

FUND EQUITY:

Contributed Capital	\$431,011	\$431,011
Retained Earnings:		
Unrestricted	<u>267,767</u>	<u>268,920</u>
TOTAL RETAINED EARNINGS	<u>\$267,767</u>	<u>\$268,920</u>
TOTAL FUND EQUITY	<u>\$698,778</u> <u>\$700,042</u>	<u>\$699,931</u> <u>\$700,429</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF NEW LOTHROP
SANITARY SEWAGE DISPOSAL SYSTEM
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND RETAINED EARNINGS - BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>		<u>2003</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	(OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
OPERATING REVENUES:				
Sewer Fees	\$ 38,000	\$ 39,270	\$ (1,270)	\$ 38,822
OPERATING EXPENSES:				
Administration:				
Officials Wages	\$ 600	\$ 600	\$ -0-	\$ 600
Prof. Fees	4,100	4,021	79	1,511
Insurance	8,500	8,444	56	6,892
Office Supplies & Expense	<u>1,000</u>	<u>920</u>	<u>80</u>	<u>920</u>
	\$ 14,200	\$ 13,985	\$ 215	\$ 9,923
Operating & Maint:				
Wages	\$ 17,000	\$ 13,831	\$ 3,169	\$ 20,156
Payroll Taxes	1,500	1,104	396	1,588
Utilities	900	808	92	784
Repairs & Maint.	5,800	3,376	2,424	2,407
Water Test	2,000	440	1,560	990
Depreciation	<u>9,000</u>	<u>8,815</u>	<u>185</u>	<u>8,778</u>
	<u>36,200</u>	<u>28,374</u>	<u>7,826</u>	<u>34,703</u>
TOTAL OPERATING EXPENSES	<u>50,400</u>	<u>42,359</u>	<u>8,041</u>	<u>44,626</u>
OPERATING INCOME (LOSS)	\$ (12,400)	\$ (3,089)	\$ (9,311)	\$ (5,804)
NON-OPERATING REVENUES				
Cust. Contrib.	\$ 1,500	\$ 640	\$ 860	\$ 5,020
Int. Income	<u>4,000</u>	<u>1,296</u>	<u>2,704</u>	<u>2,899</u>
TOTAL	<u>\$ 5,500</u>	<u>\$ 1,936</u>	<u>\$ 3,564</u>	<u>\$ 7,919</u>
NET INCOME (LOSS)	\$ (6,900)	\$ (1,153)	\$ (5,747)	\$ 2,115
Retained Earnings				
February 28,	<u>268,920</u>	<u>268,920</u>	<u>-0-</u>	<u>266,805</u>
RETAINED EARNINGS				
FEBRUARY 29,	<u>\$262,020</u>	<u>\$267,767</u>	<u>\$ (5,747)</u>	<u>\$268,920</u>

The accompanying notes are an integral part of the financial statements.

FIDUCIARY FUNDS

CURRENT TAX COLLECTION FUND

Current Tax Collection Fund is used to receive the Village's current tax collections and to distribute such monies to the Village funds involved therein.

VILLAGE OF NEW LOTHROP
TAX ACCOUNT
COMPARATIVE STATEMENT OF CASH RECEIPTS
DISBURSEMENTS AND CHANGES IN CASH BALANCE
YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>	<u>2003</u>
RECEIPTS:		
Property Tax Collections	\$ <u>116,464</u>	\$ <u>113,314</u>
TOTAL RECEIPTS	\$116,464	\$113,314
DISBURSEMENTS:		
General Fund	\$ 50,460	\$ 50,459
Water System	5,046	5,046
New Lothrop Development Authority	<u>60,958</u>	<u>57,809</u>
TOTAL DISBURSEMENTS	\$ <u>116,464</u>	\$ <u>113,314</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ -0-	\$ -0-
Beginning Cash Balance	<u>-0-</u>	<u>-0-</u>
ENDING CASH BALANCE	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

The accompanying notes are an integral
part of the financial statements.

GENERAL FIXED ASSET ACCOUNT GROUP

To account for fixed assets not used
in proprietary fund operations.

VILLAGE OF NEW LOTHROP
GENERAL FIXED ASSET ACCOUNT GROUP
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

Land	\$ 60,720
Land Improvements	29,551
Buildings and Improvements	82,091
Christmas Decorations	12,813
Law Enforcement Equipment	58,466
Machinery and Equipment	35,491
Furniture and Fixtures	<u>4,314</u>
	<u>\$289,446</u>

FUND BALANCE

Investment in General Fixed Assets	<u>\$289,446</u>
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The accompanying notes are an integral
part of the financial statements.

VILLAGE OF NEW LOTHROP
GENERAL FIXED ASSETS FUND
ANALYSIS OF CHANGES IN GENERAL FIXED ASSETS
YEAR ENDED FEBRUARY 29, 2004

	2-28-03 <u>BALANCES</u>	<u>INCREASES</u>	<u>DECREASES</u>	2-29-04 <u>BALANCES</u>
Land	\$ 60,720	\$ 6,000	\$ -0-	\$ 66,720
Land Improve.	29,551	-0-	-0-	29,551
Bldg. & Improve.	82,091	-0-	-0-	82,091
Christmas Dec.	12,813	-0-	-0-	12,813
Law Enforcement Equipment	47,659	25,574	14,767	58,466
Mach. & Equip.	26,621	8,870	-0-	35,491
Furn. & Fixt.	<u>4,314</u>	<u>-0-</u>	<u>-0-</u>	<u>4,314</u>
	<u>\$263,769</u>	<u>\$40,444</u>	<u>\$14,767</u>	<u>\$289,446</u>

The accompanying notes are an integral
part of the financial statements.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for long-term State Infrastructure
Bank Loan for The Genesee Street Improvement
Project.

VILLAGE OF NEW LOTHROP
GENERAL LONG-TERM DEBT ACCOUNT GROUP
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Amount to be Provided for the Retirement of State Infrastructure Bank Loan	\$ <u>260,404</u>	\$ <u>300,169</u>

LIABILITIES

Loans Payable	\$ <u>260,404</u>	\$ <u>300,169</u>
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LOTHROP
ANALYSIS OF CHANGE IN FUND BALANCE
GENERAL LONG-TERM DEBT
FEBRUARY 29, 2004

	BALANCE <u>2-28-03</u>	<u>INCREASES</u>	<u>DECREASES</u>	BALANCE <u>2-29-04</u>
State Infrastructure				
Bank Loan for Genesee				
Street project	\$ <u>300,169</u>	\$ <u>-0-</u>	\$ <u>39,765</u>	\$ <u>260,404</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW LOTHROP
DEBT SERVICE CHARGES TO MATURITY
ON STATE INFRASTRUCTURE BANK LOAN
FEBRUARY 29, 2004

<u>YEAR ENDED</u> <u>FEBRUARY 29,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$ 41,356.00	\$ 10,416.00	\$ 51,772.00
2006	43,010.00	8,762.00	51,772.00
2007	44,730.00	7,042.00	51,772.00
2008	46,520.00	5,252.00	51,772.00
2009	48,380.00	3,392.00	51,772.00
2010	<u>36,408.00</u>	<u>1,456.00</u>	<u>37,864.00</u>
	<u>\$260,404.00</u>	<u>\$ 36,320.00</u>	<u>\$296,724.00</u>

The accompanying notes are an integral
part of the financial statements.

FINANCIAL STATEMENTS
OF
DISCRETELY PRESENTED COMPONENT UNITS

NEW LOTHROP DEVELOPMENT AUTHORITY

The New Lothrop Development Authority is organized under the State of Michigan P.A. 197 of 1975 and is used to account for monies raised under this act for creation and implementation of development plans for the Village of New Lothrop.

VILLAGE OF NEW LOTHROP
NEW LOTHROP DEVELOPMENT AUTHORITY
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

ASSETS

	<u>2004</u>	<u>2003</u>
CURRENT ASSETS:		
Cash in Bank	\$224,108	\$218,318
Accounts Receivable	64,646	51,994
Due to Primary Gov't	<u>449</u>	<u>-0-</u>
TOTAL ASSETS	<u>\$289,203</u>	<u>\$270,312</u>

LIABILITIES AND FUND EQUITY

Accounts Payable	\$ -0-	\$ -0-
Fund Balance	<u>289,203</u>	<u>270,312</u>
	<u>\$289,203</u>	<u>\$270,312</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF NEW LOTHROP
NEW LOTHROP DEVELOPMENT AUTHORITY
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>		<u>2003</u>	
			ACTUAL (OVER) UNDER	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Current Property				
Taxes	\$ 99,000	\$118,031	\$ (19,031)	\$109,803
Interest Income	<u>1,000</u>	<u>600</u>	<u>400</u>	<u>1,299</u>
TOTAL REVENUES	\$100,000	\$118,631	\$ (18,631)	\$111,102
EXPENDITURES:				
Officials Wages	\$ 500	\$ 500	\$ -0-	\$ 500
Insurance	3,500	-0-	3,500	102
Professional Fees	20,000	6,328	13,672	7,861
Downtown				
Beautification	10,000	1,311	8,689	517
Capital Outlay	80,000	6,000	74,000	6,511
Long-Term Debt Pymt:				
Interest	12,007	12,007	-0-	13,536
Principal	39,765	39,765	-0-	38,236
Supplies	1,000	306	694	630
Downtown Promotion	<u>21,000</u>	<u>3,523</u>	<u>17,477</u>	<u>2,309</u>
TOTAL EXPEND.	\$ <u>187,772</u>	\$ <u>69,740</u>	\$ <u>118,032</u>	\$ <u>70,202</u>
Excess of Revenues Over (Under)				
Expenditures	\$ (87,772)	\$ 48,891	\$ (136,663)	\$ 40,900
OTHER SOURCES (USES) OF FUNDS:				
Transfer to Primary				
Government	\$ (42,000)	\$ (30,000)	\$ (12,000)	\$ (18,000)
TOTAL OTHER SOURCES (USES) OF FUNDS	\$ (42,000)	\$ (30,000)	\$ (12,000)	\$ (18,000)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES OF FUNDS				
	\$ (129,772)	\$ 18,891	\$ (148,663)	\$ 22,900
Fund Bal. 2-28	<u>270,312</u>	<u>270,312</u>	<u>-0-</u>	<u>247,412</u>
FUND BAL. 2-29	\$ <u>140,540</u>	\$ <u>289,203</u>	\$ <u>(148,663)</u>	\$ <u>270,312</u>

The accompanying notes are an integral part of the financial statements.



DEMIS and WENZLICK, P.C.

Certified Public Accountants

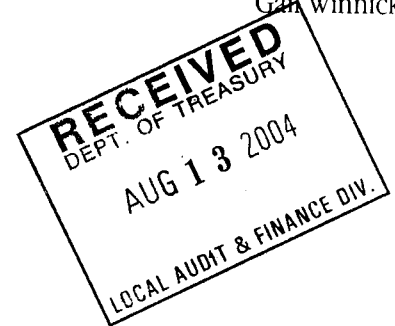
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July 23, 2004



To the Honorable Mayor
and Village Council
Village of New Lothrop

In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the examination our firm performed on the financial statements of the Village of New Lothrop for the year ended February 29, 2004.

BUDGET

The state revenue sharing distribution law, P.A. 176, of 1980, includes a compliance requirement in budgeting. It is important under this act that expenditures do not exceed the budget. Expenditures include accounts payable at March 31. Budgeted expenditures cannot exceed budgeted revenue plus the beginning fund balance. During our audit we noticed six expenditures exceeded budgeted amounts. Care should be taken that expenditures do not exceed the budget.

DISBURSEMENTS

The Village has two credit cards, one with Platinum Plus and the other with Marathon. Every month the clerk pays the balance from the monthly statement. Platinum Plus statement has some invoices attached to it, indicating what the charges were for. Marathon has no invoices attached to it. The Marathon card is primarily for the Police Department. All invoices should be turned into the clerk in order for her to verify the charges.

GASB 34

The Government Accounting Standard Board Issued Statement #34. This statement significantly changes governmental financial reporting, requires reporting of infrastructure, including related depreciation and requires management discussion and analysis of the government's financial condition. The effective date of this statement is February 28, 2005 for Village of New Lothrop.

The State of Michigan has indicated it will not enforce compliance with GASB 34. We will, at a later time, itemize both the advantages and disadvantages of to Village of New Lothrop compliance with this statement.

We wish to thank the Council for the cooperation we received in performing the Village audit. If we can be of any further assistance to the Village, please contact us.

Dennis and Wengfist, P.C.

Certified Public Accountants